Setting up of National Rural Bank

1114. SHRI SANJAY DALMIA: Will the Minister of FINANCE be pleased to state:

(a) whether Government have taken any final decison for setting up of the proposed National Rural Bank;

(b) if so, the details thereof and the proposed places where the bank's branches are to be set up initially; and

(c) the steps taken so far towards setting up of the bank?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) to (c) After considering a number of alternative models for restructuring of Regional Rural Banks (RRBs) including National Rural Bank, it has been decided to provide budgetary support for recapitalisation of RRBs on a 'stand alone' basis. Accordingly, in pursuance of an announcement by the Finance Minister in his Budget Speech on 28.02.1994, 49 of the 196 RRBs were taken up in the course of 1994-95 for cleansing up of their balance sheets and infusion of fresh capital. Equity support has been released for another batch of 53 RRBs in 1995-96. A provision of Rs. 200 crores has been made for this purpose in the Budget for 1996-97. Further, with effect from 26.8.1996, Reserve Bank of India (RBI) has deregulated the interest rates that can be charged by the RRBs. The objective is to transform presently weak and ailing RRBs into financially viable and effective instruments of decentralised rural banking.

Steps to Protect Indian FIs/Share Holders Subsequent to FERA Violations by ITC

1115. SHRI VED PRAKASH P. GOYAL: Will the Minister of FINANCE be pleased to state:

(a) whether on unearthing of large scale FERA violations by ITC and in the wake of raids by the Enforcement Directorate on the offices of ITC at Calcutta and other places the steps Government propose to take to protect the interest of Indian Financial Institutions and Indian shareholders; and

(b) what steps are contemplated to ensure that the management of the Company does not slip into foreign hand?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) and (b). The investigations under the Foreign Exchange Regulation Act, 1973 undertaken by the Enforcement Directorate against M/s. ITC Ltd., are continuing. Indian shareholders (including Financial Institutions) hold majority of the shares in ITC. Any decison regarding future of the company will necessarily have to be taken by them with the consent of the shareholders in accordance with the provisions of the Companies Act.

Statement about state of Economy by Former Finance Minister

1116. SHRI O. P. KOHLI: Will the Minister of FINANCE be pleased to state:

(a) whether the former Finance Minister Dr. Manmohan Singh has said that the industrial growth has slowed down, export growth has come down substantially in the first half of the current fiscal year and rate of inflation has gone up;

(b) if so, whether he has attributed this to the 'ad hoc' approach of the Government; and

(c) if so, the reaction of Government thereto?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) and (b). It has been reported in the newspapers that the former Finance Minister Dr. Manmohan Singh gave an interview to a private TV Channel on Monday November 11, 1996 in which he expressed his views.